

# **Private Sector Commission**

## **Technical Information Bulletin No. 17 - February 2010**



### ***Financing Available to Businesses in Guyana***

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## **Preface**

This Bulletin is the first of a kind prepared mainly to inform you on financing available to the Private Sector.

The initiative is driven by the need to have information readily available to our members, potential investors and other interested stakeholders who do not have the time to spent gathering information and data to aid them in their decision making process.

The information contained in this Bulletin is provided by the respective financial institution and it is exhibited in summary for use as a guide when preparing project documents and also to access capital.

The Private Sector Commission intends to work with all agencies to promote their services with the interest to better serve its members and the private sector as a whole.

  
**Roubinder Rambarran**  
**Executive Director**

## Previous Bulletins

*Bulletin 1 (Dec 2006) - The Guyana Economy June 2006*

*Bulletin 2 (Mar 2007) - Highlights of the Guyana National Budget 2007*

*Bulletin 3 (Mar 2007) - Recent Growth Trends in the Guyana Economy*

*Bulletin 4 (Apr 2007) – Labour Force and Employment in the Guyana Economy*

*Bulletin 5 (May 2007) – Employment Structure in Guyana*

*Bulletin 6 (July 2007) – Measuring Inflation in Guyana*

*Bulletin 7 (July 2007) – Living Conditions in Guyana*

*Bulletin 8 (October 2007) – The Jagdeo Initiative*

*Bulletin 9 (November 2007) – Educational Achievement in the Population of Guyana*

*Bulletin 10 (December 2007) – The Guyana Economy as at June 2007*

*Bulletin 11 (April 2008) – A review of the Guyana Economy in 2007*

*Bulletin 12 (November 2008) – The Guyana Economy as at June 2008*

*Bulletin 13 (February 2009) – A Review of the Guyana Economy in 2008*

*Bulletin 14 (May 2009) – The Summit of the Americas and the Guyana-Brazil Partial Scope Agreement*

*Bulletin 15 (September 2009) – The Low Carbon Development Strategy – A Summary*

*Bulletin 16 (December 2009) – The Guyana Economy as at June 2009*

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<http://www.psc.org.gy>

## Financing Available to Businesses in Guyana

Businesses in Guyana often suffer from a lack of available financing even as banks experience excess liquidity. This bulletin attempts to inform our membership and the wider private sector about the types and cost of financing available in Guyana and internationally. We have attempted wherever possible to include the pertinent interest rates, the facilities available and the specific criteria required to access funds. This bulletin is not meant to be exhaustive and is merely a guide for the private sector.

In Guyana, the **Guyana Bank for Trade and Industry** makes several types of loans available. These include Commercial Corporate Loans, Commercial Manufacturing Loans, Commercial Trading and Services Loans, Commercial Agriculture Loans and Commercial Rice Farming Loans. Interest rates range from 10% to 18.75% dependent on risk involved.

The criteria for financing vary dependent on the type of loan and include the following:

- Business Plan
- Registration or incorporation documents
- Financial Statements for the previous two years
- Twelve month Cash Flow Projections
- Copy of title to security
- Valuation of security property
- Statement of other liabilities
- Recent tax documents
- Banking history
- Fire Insurance coverage over property
- Bill of sale if applicable
- ID and proof of address
- Rates, Taxes and Water rates receipts
- Photograph of each applicant

The **Republic Bank (Guyana) Limited** offers term loans for Corporate, Commercial and Small to Medium Businesses 8% to 18.25%. Criteria for the granting of loans include the following:

- Business Proposal
- Purpose of Loan
- Equity Contribution
- Financial Statements for last three years
- Interim Financial Statement for current year
- Updated Statement of Assets and Liabilities
- Twelve month Cash Flow Projections

- Copies of all bank statements for the last three years
- Title to Security
- Updated Valuation of security property
- Registration/Certificate of continuance
- Proof of all income
- Identification and proof of address

The **Bank of Nova Scotia** offers Term Loans for Businesses at rates ranging from 14% to 19%. Criteria for granting of loans include the following:

- Financial Statements for last three years
- Interim Financial Statements for current year
- Projections/Budget for current year
- Proof of address and identification
- Balance sheet breakdown for previous year
- Verification of income for previous year
- Valuation of security property
- Registration or incorporation documents
- Recent job letter (if applicable)
- Evidence of other income earned
- Evidence of any other assets owned

The **Demerara Bank** offers term financing for purchase of fixed assets or capital requirements of business in the form of term loans. The bank will finance up to a maximum of 60% of the capital expenditure or 60% of the collateral value. The bank also offers overdraft facilities which are limited to one year but may be extended upon review. The rate of interest charged ranges from 10% to 18% and is a reflection of the risk involved with the exposure. Other products offered to businesses include Bridging Finance Loans, Performance Guarantees and Letters of Credit. Criteria for the granting of loans include:

- Formal request for financing
- Memorandum, Articles and Certificate of Incorporation
- Copy of Lease/Transport/Certificate of Title offered as security
- Valuation Certificate for the collateral property
- Means of Financing (Total cost of project, capital, other loans, cash flow projection for completion of project)
- Details of present banking (bank statement, bank book)
- 40% contribution

The **Citizens Bank** offers Commercial Loans at 16%, Cash Secured Loans at 8% and Unsecured Loans at 18%. Criteria for the granting of loans to businesses include:

- Use of Funds
- Proof of identification and address
- Registration/Incorporation documents
- Financial Statements
- Banking history
- Transports/Leases
- 30% contribution

The **Institute of Private Enterprise Development** lends generally to the smaller entrepreneur but has increased its loans ceiling to \$20m. It lends micro loans of from \$84,000 to \$300,000 at a rate of between 0.6% and 0.8% per week. Small loans of up to \$3m are granted at a rate of 14.75% to 20% while medium loans of up to \$20m are lent at a rate of 14.75%.

The **IPED** is one of the few financing agencies that accept household assets as collateral. The company also accepts bills of sale and transports or leases as security. Other criteria include identification and proof of address.

The **Guyana Youth Business Trust** is a partner organization to IPED. It lends micro loans of up to \$300,000 at 0,6% to 0.8% per week. Larger loans of up to \$800,000 attract a rate of interest of 14.75% to 20%. Loan recipients must be between 18 and 35 years of age. Other criteria include:

- Proof of identification and address
- Character references
- Permission from relevant state agencies
- Application and legal fees

The **Small Business Development Finance Trust** is another organization which offers micro loans. Products offered are Retail Micro Loans, Development Loans and Unsecured Loans. Rates of interest offered range between 15% to 18.5%. Forms of security accepted include:

- Household assets or vehicles
- Transports
- Land Titles

**Development Finance Ltd** lends at rates ranging from 16% to 32%. Products offered include Working Capital Loans, Equipment Loans, Commercial Vehicle Loans and Renovations Loans. The business must have been in operation for at least six months. Business assets are accepted as collateral for small loans while Fixed Assets are accepted for larger loans.

The **Multilateral Investment Fund** of the Inter American Development Bank also lends to the private sector. This private sector arm of the bank lends at variable interest rates which are comparable to market rates. Products offered include Business Framework Loans, Enterprise Development Loans and Financial Democracy Loans. Borrowers must be legally registered and must be of a member country. A contribution of 30% to 50% must be made by the borrower. It is also necessary to delineate in detail the purpose of the loan.

The **International Finance Corporation**, an arm of the World Bank also makes loans to the private sector. Interest rates are variable and comparable to market rates. Criteria include the following:

- Well capitalised company
- Solid track record
- Competitive company
- Good governance practices
- Environmental standards
- Profitable and viable company
- 75% contribution to cost of project

Loan products offered by the corporation include the following:

- Loans for IFC's own account
- Syndicated loans
- Quasi-equity products
- Equity
- Structured finance
- Risk management products
- Sub-national finance
- Trade finance

The **Caribbean Development Bank** seldom grants loans to the private sector but may on occasion extend such facilities. The bank charges interest at a rate which is currently 6.8% but is reviewed every July and January. Products offered by the bank include the following:

- Long term loans
- Equity and quasi-equity investments
- Guarantees
- Technical assistance

The bank's criteria for the granting of loans include the following:

- Appraisal fee (1% of loan amount)
- First legal mortgage
- Grace period of up to five years
- Compliance with environmental guidelines
- Debt/equity ratio of 50/50
- Feasibility study

The bank lends only in hard currencies and loans must likewise be repaid in hard currencies, typically US dollars. The bank seeks well-capitalised new or expansion projects with proven management and established markets. In accordance with its Charter, the bank cannot finance a project if the government of the territory objects to it.

Contact details for the various financial institutions are as follows:

**Guyana Bank for Trade and Industry**

47 Water Street  
Georgetown  
226-8430-6

**Republic Bank (Guyana) Limited**

Corporate and Commercial Credit  
Camp Street Branch  
78-80 Camp and Robb Streets,  
Georgetown  
(592) 22-4911, (592) 225-7667

**Fax:** (592) 226-5735

**Email:** [credit@republicguyana.com](mailto:credit@republicguyana.com)

**Website:** [www.republicguyana.com](http://www.republicguyana.com)

**Bank of Nova Scotia**

104 Carmichael Street  
Georgetown  
225-9222

**Demerara Bank Ltd**

230 Camp Street  
Georgetown  
226-0610-9

**Citizen Bank Guyana Inc**

201 Camp Street  
Georgetown  
226-1705-6

**Institute of Private Enterprise  
Development**

253 South Road  
Georgetown  
225-8949

**Guyana Youth Business Trust**

253 South Road  
Georgetown  
225-8949

**Small Business Development Finance  
Trust**

5 Hadfield Street  
Georgetown  
223-6165-7

**Development Finance Ltd, S.A**

78 Church Street  
Georgetown  
225-6580

**Multilateral Investment Fund**

Inter-American Development Bank  
1300 New York Avenue, N.W.  
Washington, D.C. 20577  
Telephone: (202) 942-8211  
Fax: (202) 942-8100  
e-mail: [mifcontact@iadb.org](mailto:mifcontact@iadb.org)

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**Caribbean Development Bank**

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